

Message Text

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TREASURY FOR SECRETARY BLUMENTHAL; NSC FOR DR. BRZEZINSKI

E.O. 11652: N/A

TAGS: ETRD PL

SUBJ: POLAND EXPRESSES DEEP CONCERN AND ASKS FOR CONSULTATIONS
ON DUMPING DETERMINATIONS ON POLISH GOLF CARTS

REF: WARSAW 4854

1. FOLLOWING IS INFORMAL TRANSLATION OF THE GOP'S AIDE MEMOIRE
ON GOLF CARTS (REF). BEGIN TEXT.

I. POLISH-AMERICAN ECONOMIC RELATIONS HAVE REACHED A HIGH
LEVEL IN RECENT YEARD DUE TO OUR BROAD POLITICAL AGREEMENTS AND
UNDERSTANDINGS. THIS DEVELOPMENT OF ECONOMIC OWES IS A GOOD
EXAMPLE OF THE MUTUAL ADVANTAGES OF COOPERATION.

SERIOUS PROBLEMS, HOWEVER, HAVE ARISEN IN THIS FIELD. THIS MATTER
CONCERNS ENTRY INTO THE AMERICAN MARKET FOR POLISH EXPORTS, WHICH
IS NECESSARY FOR IMPROVEMENT IN OUR BILATERAL BALANCE OF TRADE,
WHICH, AS IS KNOWN, IS HIGHLY UNFAVORABLE TO POLAND. ACTIVITIES
OF THE AMERICAN SIDE LIMIT OPPORTUNITIES FOR MARKET ENTRY AND
MAKE DIFFICULT THE ACHIEVEMENT OF THE GOAL OF \$2 BILLION IN
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BILATERAL TURNOVER IN THE YEAR 1980, AS AGREED IN THE "JOINT
STATEMENT ON THE DEVELOPMENT OF ECONOMIC, INDUSTRIAL, AND TECH-
NOLOGICAL COOPERATION" OF 1974.

II. CHARGES OF DUMPING HAVE CAUSED ANXIETY ON THE POLISH SIDE,
AS HAS THE PROLONGATION OF THE PROCESS OF ESTABLISHING ANTI-
DUMPING DUTIES FOR THE SALE OF MELEX GOLF CARTS, WHICH ARE PRO-

DUCED IN POLAND IN A LARGE AND MODERN FACTORY IN MIELEC. THIS AFFECTS NEGATIVELY NOT ONLY THE CONTINUED EXPORT OF THESE CARTS, BUT ALSO HAS FAR-REACHING IMPLICATIONS FOR THE EXPORT OF OTHER POLISH INDUSTRIAL PRODUCTS TO THE U.S.

THE COURSE OF PROCEEDINGS ADOPTED BY THE AMERICAN SIDE IN THIS MATTER CANNOT FAIL TO AROUSE FUNDAMENTAL RESERVATIONS ON THE POLISH SIDE. THIS MATTER WAS THE SUBJECT OF A SERIES OF GOVERNMENTAL CONVERSATIONS IN WASHINGTON DURING 1975-1977. DURING THE LAST CONSULTATIONS IN MARCH OF THIS YEAR, IT WAS AGREED THAT BOTH SIDES WOULD COLLECT AND PRESENT ADDITIONAL MATERIAL CONCERNING THE LEVEL OF PRICES OF GOLF CARTS AND INDUSTRIAL CARTS SOLD BY THE CANADIAN FIRM MARATHON IN 1976 AND THE FIRST QUARTER OF 1977.

THIS MATERIAL WAS TO ESTABLISH THE BASIS FOR SETTING "FAIR VALUE" FOR 1976 AND THE FIRST QUARTER OF 1977, ON WHICH BASIS MULTI-YEAR CONTRACTS COULD BE CONCLUDED BETWEEN THE POLISH EXPORTER AND ITS DISTRIBUTORS WITHOUT THE THREAT OF ANTI-DUMPING PROCEEDINGS. WITH REGARD TO THE YEAR 1977, THE POLISH EXPORTER OF GOLF CARTS PRESENTED ADDITIONAL MATERIAL SHOWING THAT SALES IN THE FIRST QUARTER OF 1977 WERE NOT EFFECTED AT PRICES BELOW FAIR VALUE.

IN SPITE OF THESE UNDERSTANDINGS, THE POLISH SIDE HAS BEEN INFORMED BY THE DEPARTMENT OF THE TREASURY THAT THE CUSTOMS SERVICE INTENDS TO ADOPT THE PRICES OF AMERICAN PRODUCERS AS UNCLASSIFIED

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THE NEW BASIS FOR ESTABLISHING FAIR VALUE FOR SALES MADE AFTER THE BEGINNING OF 1976. AS THE POLISH SIDE HAS MANY TIMES UNDERSCORED -- AND THIS POINT WAS ALSO MADE BY AMERICAN PARTICIPANTS IN THE TALKS -- THE FORMULATION "AMERICAN SELLING PRICE" EXCLUDES THE POSSIBILITY OF EXPORTING GOLF CARTS TO THE UNITED STATES. THE ASP FORMULATION ESTABLISHES AN EQUIVALENCY OF POLISH EX-FACTORY PRICES WITH THE EX-FACTORY PRICES OF AMERICAN PRODUCERS WITHOUT TAKING INTO CONSIDERATION SUCH COSTS AS TRANSPORTATION, INSURANCE, AND CUSTOMS.

THE PROPOSAL OF THE CUSTOMS SERVICE MUST INEVITABLY LEAD TO AN

OUTCOME IN WHICH THE POLISH EXPORTERS CANNOT DEFEND HIMSELF AGAINST DUMPING ALLEGATIONS. THIS WILL LEAD TO THE ELIMINATION OF THIS EXPORT FROM THE AMERICAN MARKET.

THE PRECEDENT OF THE PROCEDURES ADOPTED IN THE GOLFCART CASE RAISES WELL-GROUNDED FEARS ON THE POLISH SIDE REGARDING POSSIBILITIES OF EXPORTING PRODUCTS OF THE POLISH MACHINE INDUSTRY. EACH OF THESE INDUSTRIAL PRODUCTS

COULD BE SUBJECT TO ANTI-DUMPING COMPLAINTS, AND THE POLISH EXPORTERS COULD BE TIED DOWN IN LONG AND ARDUOUS ANTI-DUMPING AND ANTI-TRUST PROCESSES.

III. THE POLISH SIDE EXPECTS THAT THE AMERICAN SIDE GUIDING ITSELF IN ACCORD WITH THE PRECEPTS AGREED UPON IN BI-LATERAL UNDERSTANDINGS, WILL TAKE APPROPRIATE STEPS WHICH WILL MAKE POSSIBLE FURTHER EXPORTS OF POLISH GOLF CARTS TO THE UNITED STATES AND WILL HELP CHANGE THE CURRENT ATMOSPHERE OF UNCERTAINTY WHICH HAS RESULTED FROM THE TREATMENT OF EXPORTS OF THE POLISH MACHINE-INDUSTRY, WHICH IS TAKING ITS FIRST STEPS ON THE AMERICAN MARKET.

IF THE AMERICAN SIDE CONSIDERED IT USEFUL, THE POLISH SIDE
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WOULD BE READY AT ANY MOMENT TO DISCUSS THIS MATTER AT THE VICE-MINISTERIAL OR EXPERT LEVEL.

THE POLISH SIDE WISHES TO RECALL THAT, IN ADDITION TO THE ABOVE-MENTIONED GOVERNMENT CONSULTATIONS IN WASHINGTON, THE GOLF-CART CASE WAS RAISED AS WELL IN SESSIONS OF THE U.S. POLISH JOINT TRADE COMMISSION IN 1975 AND 1976. IN FEBRUARY OF THIS YEAR, DEPUTY PREMIER KAZIMIERZ OLSZEWSKI TOOK PART IN CONVERSATIONS ON THIS SUBJECT WITH THE U.S. AMBASSADOR, RICHARD T. DAVIES. THIS SUBJECT WAS ALSO RAISED MANY TIMES BY THE POLISH SIDE IN TALKS WITH THE DEPARTMENTS OF STATE, TREASURY, AND COMMERCE.

THE POLISH SIDE WISHES TO EMPHASIZE THAT THE TREATMENT OF THE GOLF-CART CASE BY THE AMERICAN SIDE WILL BE A FACTOR INFLUENCING IN A FUNDAMENTAL FASHION THE FURTHER DEVELOPMENT OF BILATERAL ECONOMIC COOPERATION. END TEXT.

DAVIES

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